

IVCC Audited Financial Statements, 2005-2006

Please see Note 7 entitled "Related Party Transactions" on page 11 (as indicated by the page numbers at the top of each page) where it states,

“The National Park Service (“NPS”) and IVCC have substantially established a management agreement between the parties whereas IVCC will administer and manage the property [Independence Visitor Center]. The agreement calls for the NPS to make an annual payment of \$850,000.00 to IVCC in exchange for the services provided by the IVCC more fully described in the agreement. Payments are subject to annual federal appropriations. A representative of the NPS services as a non-voting member on the Board of Directors.”

Before any additional Federal appropriations get disbursed for Independence National Historical Park, including the \$6.0 million for the Franklin Court renovation that will be developed and administered by the Independence Visitor Center Corporation (“IVCC”), both the National Park Service (“NPS”) and IVCC should be required to comply with the evident Congressional intent of the Gateway [Independence] Visitor Center Authorization Act of 1999, Public Law 106-131. This law authorized the NPS to execute a detailed operating agreement with the IVCC. However, for more than nine years, the NPS and IVCC have curiously not been in compliance. In lieu of an operating agreement, the NPS issued a bare-bones temporary Special Use Permit in November 2001 and then extended it at least 20 separate times “to allow additional time to finalize a formal [Operating] Agreement...”

What is even more curious about the necessity for the repeated renewals of the Special Use Permit is that according to every one of the audited financial statements of the IVCC since at least 2003, the parties have “substantially established a management agreement” whereby NPS pays the IVCC \$850,000.00 per year, but that agreement is neither executed nor transparent. In the spirit of change with the Obama Administration, it is time for Congressional oversight. For more information, please see <http://www.IndependencePark.blogspot.com/> .

**INDEPENDENCE VISITOR
CENTER CORPORATION**

**INDEPENDENT AUDITORS' REPORT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION,
YEARS ENDED JUNE 30, 2006 AND 2005**

INDEPENDENCE VISITOR CENTER CORPORATION
YEARS ENDED JUNE 30, 2006 AND 2005

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Zelenkofske Axelrod LLC

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Independence Visitor Center Corporation
Philadelphia, Pennsylvania

We have audited the accompanying statements of financial position of INDEPENDENCE VISITOR CENTER CORPORATION (the "Corporation") as of June 30, 2006 and 2005, and the related statements of activities, and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the INDEPENDENCE VISITOR CENTER CORPORATION as of June 30, 2006 and 2005, and the results of its operations and cash flows for the years ended June 30, 2006 and 2005, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2006 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations* is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


ZELENKOFSCHE AXELROD LLC

Jamison, Pennsylvania
September 22, 2006

| <u>Harrisburg</u> | <u>Lehigh Valley</u> | <u>Philadelphia</u> |
|---------------------------------|-------------------------------|-------------------------------|
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INDEPENDENCE VISITOR CENTER CORPORATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2006 AND 2005

| | <u>2006</u> | <u>2005</u> |
|--------------------------------------|----------------------|----------------------|
| Current Assets | | |
| Cash and Cash Equivalents | \$ 3,043,786 | \$ 2,909,145 |
| Restricted Cash and Cash Equivalents | 85,486 | 1,100,955 |
| Contributions Receivable | 1,982,611 | 386,933 |
| Prepaid Expenses | <u>799</u> | <u>-</u> |
| Total Current Assets | <u>5,112,682</u> | <u>4,397,033</u> |
| Investments, at Fair Value | <u>6,826,885</u> | <u>6,535,027</u> |
| Other Assets | | |
| Restricted Cash and Cash Equivalents | <u>1,036,255</u> | <u>893,858</u> |
| Total Other Assets | <u>1,036,255</u> | <u>893,858</u> |
| Total Assets | <u>\$ 12,975,822</u> | <u>\$ 11,825,918</u> |
| Current Liabilities | | |
| Accrued Expenses | \$ <u>629,637</u> | \$ <u>410,832</u> |
| Total Current Liabilities | <u>\$ 629,637</u> | <u>410,832</u> |
| Due to National Park Service | <u>1,036,255</u> | <u>893,858</u> |
| Total Liabilities | <u>1,665,892</u> | <u>1,304,690</u> |
| Net Assets | | |
| Unrestricted | 9,269,476 | 7,668,381 |
| Temporarily Restricted | 40,454 | 852,847 |
| Permanently Restricted | <u>2,000,000</u> | <u>2,000,000</u> |
| Total Net Assets | <u>11,309,930</u> | <u>10,521,228</u> |
| Total Liabilities and Net Assets | <u>\$ 12,975,822</u> | <u>\$ 11,825,918</u> |

The accompanying notes are an integral part of the financial statements.

INDEPENDENCE VISITOR CENTER CORPORATION
STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2006

| | Unrestricted Net Assets | Temporarily Restricted Net Assets | Permanently Restricted Net Assets | Total |
|--|----------------------------|---|---|---------------|
| Support and Revenues | | | | |
| Heritage Philadelphia Program | 12,359 | - | - | 12,359 |
| Visitor Center Revenues | 4,013,699 | - | - | 4,013,699 |
| Other Income | (4,000) | - | - | (4,000) |
| Mall Completion Project | - | 2,250,000 | - | 2,250,000 |
| RACP Income | 1,696,000 | - | - | 1,696,000 |
| Investment Return | 109,159 | 420,760 | - | 529,919 |
| Total Support and Revenues | 5,827,217 | 2,670,760 | - | 8,497,977 |
| Net Assets Released From Restrictions | 3,483,153 | (3,483,153) | - | - |
| Total Support, Revenues, and Assets Released From Restrictions | 9,310,370 | (812,393) | - | 8,497,977 |
| Expenses | | | | |
| Program | | | | |
| Operating Expenses | 3,079,177 | - | - | 3,079,177 |
| Heritage Philadelphia Program | 137,924 | - | - | 137,924 |
| Block I Landscaping | 115,125 | - | - | 115,125 |
| Block II Landscaping | 24,555 | - | - | 24,555 |
| Mall Landscape Completion Project | 2,822,955 | - | - | 2,822,955 |
| Liberty Bell Pavilion Project | 266,652 | - | - | 266,652 |
| Cost of Goods Sold | 859,885 | - | - | 859,885 |
| Administrative | 403,002 | - | - | 403,002 |
| Total Expenses | 7,709,275 | - | - | 7,709,275 |
| Increase (Decrease) in Net Assets | 1,601,095 | (812,393) | - | 788,702 |
| Net Assets, Beginning of Year | 7,668,381 | 852,847 | 2,000,000 | 10,521,228 |
| Net Assets, End of Year | \$ 9,269,476 | \$ 40,454 | \$ 2,000,000 | \$ 11,309,930 |

The accompanying notes are an integral part of the financial statements.

INDEPENDENCE VISITOR CENTER CORPORATION
STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2005

| | Unrestricted Net Assets | Temporarily Restricted Net Assets | Permanently Restricted Net Assets | Total |
|--|----------------------------|---|---|---------------|
| Support and Revenues | | | | |
| Commonwealth of Pennsylvania | \$ 500,000 | \$ - | \$ - | \$ 500,000 |
| Heritage Philadelphia Program | 1,311,929 | - | - | 1,311,929 |
| Visitor Center Revenues | 3,188,581 | - | - | 3,188,581 |
| Other Income | 143,069 | - | - | 143,069 |
| Block I Landscaping | - | 2,286,518 | - | 2,286,518 |
| Investment Return | 208,035 | 79,553 | - | 287,588 |
| Total Support and Revenues | 5,351,614 | 2,366,071 | - | 7,717,685 |
| Net Assets Released From Restrictions | 2,559,060 | (2,559,060) | - | - |
| Total Support, Revenues, and Assets Released From Restrictions | 7,910,674 | (192,989) | - | 7,717,685 |
| Expenses | | | | |
| Program | | | | |
| Operating Expenses | 2,856,547 | - | - | 2,856,547 |
| Heritage Philadelphia Program | 1,179,467 | - | - | 1,179,467 |
| Block I Landscaping | 1,846,871 | - | - | 1,846,871 |
| Cost of Goods Sold | 508,832 | - | - | 508,832 |
| Administrative | 354,508 | - | - | 354,508 |
| Total Expenses | 6,746,225 | - | - | 6,746,225 |
| Increase (Decrease) in Net Assets | 1,164,449 | (192,989) | - | 971,460 |
| Net Assets, Beginning of Year | 6,503,932 | 1,045,836 | 2,000,000 | 9,549,768 |
| Net Assets, End of Year | \$ 7,668,381 | \$ 852,847 | \$ 2,000,000 | \$ 10,521,228 |

The accompanying notes are an integral part of the financial statements.

INDEPENDENCE VISITOR CENTER CORPORATION
STATEMENTS OF CASH FLOWS
YEAR ENDED JUNE 30, 2006 AND 2005

| | <u>2006</u> | <u>2005</u> |
|---|--------------|--------------|
| Cash Flows From Operating Activities | | |
| Increase (Decrease) in Net Assets | \$ 788,702 | \$ 971,460 |
| Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided By (Used In) Operating Activities | | |
| Restricted Interest and Dividends | (420,760) | (79,553) |
| (Increase) Decrease in Operating Assets | | |
| Contributions Receivable | (1,595,678) | 89,862 |
| Prepaid Expense | (799) | 24,495 |
| Security Deposits | - | 1,545 |
| Increase (Decrease) in Operating Liabilities | | |
| Accrued Expenses | 218,804 | 231,858 |
| Due to National Park Service | (149,460) | 739,979 |
| Total Adjustments | (1,947,893) | 1,008,186 |
| Net Cash Provided by (Used in) Operating Activities | (1,159,191) | 1,979,646 |
| Cash Flows From Investing Activities | | |
| Purchase of Investments | - | (215,009) |
| Restricted Cash and Cash Equivalents | 1,015,469 | (350,870) |
| Net Cash Provided by (Used in) Investing Activities | 1,015,469 | (565,879) |
| Cash Flows From Financing Activities | | |
| Proceeds From Restricted Interest and Dividends | 420,760 | 79,553 |
| Net Cash Provided by Financing Activities | 420,760 | 79,553 |
| Increase (Decrease) in Cash and Cash Equivalents | 277,038 | 1,493,320 |
| Cash and Cash Equivalents - Beginning of Year | 3,803,003 | 2,309,683 |
| Cash and Cash Equivalents - End of Year | \$ 4,080,041 | \$ 3,803,003 |

*Cash and Cash Equivalents is made up of unrestricted cash and National Park Service Restricted Cash.

The accompanying notes are an integral part of the financial statements.

INDEPENDENCE VISITOR CENTER CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005

NOTE 1: NATURE OF ORGANIZATION

Independence Visitor Center Corporation ("IVCC"), a Pennsylvania not-for-profit corporation, was established in February, 1998, to develop and operate the Independence Visitor Center ("Center") on Independence Mall in Philadelphia. Independence Mall is a part of Independence National Historical Park, a flagship in the array of national parks administered by the National Park Service ("NPS"). The Center provides visitors and area residents' orientation and information relating to the park, the surrounding historic district, the City, and the Greater Philadelphia region. In undertaking this responsibility, IVCC works in close cooperation with the National Park Service, the City of Philadelphia, the Commonwealth of Pennsylvania, and other stakeholders. Upon completion of the Center, IVCC will transfer the Center to the National Park Service and, in accordance with a separate agreement, the National Park Service has engaged IVCC to manage the Center.

In March 2003, the Philadelphia History Exhibitions Initiative and the Heritage Investment Program were merged into the Heritage Philadelphia Program.

The Philadelphia History Exhibitions Initiative grant was a four year \$5.2 million program, funded by The Pew Charitable Trusts to assist local institutions in developing high-quality innovative ways to display historic materials using the latest exhibition techniques and technology. The Heritage Investment Program, funded by The Pew Charitable Trust, was a two year \$3.125 million program to provide technical assistance and challenge grants to local historic site institutions. The Heritage Philadelphia Program is administered by the IVCC as part of its mission to enhance visitor experiences in the region.

Effective June 1, 2005, a transitional agreement was made and entered into by and among The Pew Charitable Trust, IVCC, and the University of the Arts. The agreement states that the balance of the activities and funds relating to the Heritage Philadelphia Program shall be transferred to the University of the Arts.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of IVCC's significant accounting policies consistently applied in the preparation of the accompanying financial statements is as follows:

A) Basis of Accounting

The financial statements of IVCC have been prepared on the accrual basis of accounting.

B) Financial Statement Presentation

IVCC reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, IVCC is required to present a statement of cash flows.

C) Contributions

Contributions received, including promises to give, are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair values.

INDEPENDENCE VISITOR CENTER CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2006 AND 2005

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C) Contributions (Continued)

Donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as "net assets released from restrictions."

Net assets are categorized as follows:

Unrestricted net assets are not subject to donor imposed restrictions or the donor-imposed restrictions have expired.

Temporarily restricted net assets are subject to donor-imposed restrictions that permit the IVCC to use or expend the assets as specified. The restriction will be met either by actions of the IVCC or the passage of time.

Permanently restricted net assets are subject to donor imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by IVCC. Use of the related income and gains may be unrestricted or restricted by the donor. The portion of income and gains that has not been released from restrictions is included in temporarily restricted net assets.

D) Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the changes in net assets as a component of investment return.

E) Cash and Cash Equivalents

IVCC considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Checking funds, held as a portion of IVCC's endowment portfolio, are classified as investments.

F) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G) Income Taxes

IVCC is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. Additionally, IVCC is exempt from state income taxes under the Commonwealth of Pennsylvania; accordingly, no provision for income taxes has been made in the accompanying financial statements.

INDEPENDENCE VISITOR CENTER CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2006 AND 2005

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H) Program Expenses

IVCC considers all costs associated with the construction of the Visitors Center building (core costs) and expenses incurred on behalf of the Heritage Philadelphia Program to be program expenses and, accordingly, such expenses are recorded when incurred.

NOTE 3: CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS

As of June 30, cash and cash equivalents and restricted cash and cash equivalents consist of the following:

| | <u>2006</u> | <u>2005</u> |
|--|---------------------|---------------------|
| Total Cash and Cash Equivalents | <u>\$ 4,165,527</u> | <u>\$ 4,903,958</u> |
| Less: Restricted Cash and Cash Equivalents | | |
| National Park Service: | | |
| Liberty Bell | - | 360,228 |
| NPS Block I | - | 483,214 |
| Block II Landscaping | <u>1,036,255</u> | <u>50,416</u> |
| Total NPS Restricted Cash | <u>1,036,255</u> | <u>893,858</u> |
| Less: Other Restricted Cash Accounts | | |
| Mall Landscaping | 11,755 | - |
| Pew Liberty Bell | - | 592,259 |
| Annenberg Liberty Bell | - | 162 |
| Kiosk | 33,278 | 248,109 |
| Annenberg Block II | - | 88,061 |
| Mummer's Program | 12,653 | 11,498 |
| Heritage Philadelphia Program | <u>27,800</u> | <u>160,866</u> |
| Current Assets-Restricted Cash | <u>85,486</u> | <u>1,100,955</u> |
| Total Unrestricted Cash | <u>\$ 3,043,786</u> | <u>\$ 2,909,145</u> |

The Corporation maintains its deposits with Wachovia Bank and Commerce Bank. Total Cash balances are insured by the FDIC up to \$100,000. The cash deposited at Wachovia Bank is fully insured. The amount of cash deposited, for numerous programs and activities, at Commerce Bank that is not insured is \$ 4,042,204.

INDEPENDENCE VISITOR CENTER CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2006 AND 2005

NOTE 4: INVESTMENTS

Investment Portfolio

The composition of investments stated at fair value, is set forth in the following table:

| | <u>2006</u> | <u>2005</u> |
|-------------------------|---------------------|---------------------|
| Cash and Money Markets | \$ 270,659 | \$ 388,757 |
| Certificates of Deposit | - | 100,000 |
| Bonds | 1,957,876 | 1,832,196 |
| Corporate Equities | <u>4,598,350</u> | <u>4,214,074</u> |
| | <u>\$ 6,826,885</u> | <u>\$ 6,535,027</u> |

Investment income for investments, cash and cash equivalents, and restricted cash and cash equivalents – current assets are comprised of the following for the years ended June 30:

| | <u>2006</u> | | |
|---------------------------|------------------------------------|--|------------------|
| | <u>Unrestricted Net Assets</u> | <u>Temporarily Restricted Net Assets</u> | <u>Total</u> |
| Unrealized/Realized Gains | \$ - | \$ 185,676 | \$ 185,676 |
| Interest and Dividends | <u>109,159</u> | <u>235,084</u> | <u>344,243</u> |
| Total Investment Return | <u>\$ 109,159</u> | <u>\$ 420,760</u> | <u>\$529,919</u> |

| | <u>2005</u> | | |
|---------------------------|------------------------------------|--|------------------|
| | <u>Unrestricted Net Assets</u> | <u>Temporarily Restricted Net Assets</u> | <u>Total</u> |
| Unrealized/Realized Gains | \$ 43,558 | \$ 25,582 | \$ 69,140 |
| Interest and Dividends | <u>164,477</u> | <u>53,971</u> | <u>218,448</u> |
| Total Investment Return | <u>\$208,035</u> | <u>\$ 79,553</u> | <u>\$287,588</u> |

INDEPENDENCE VISITOR CENTER CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2006 AND 2005

NOTE 5: RESTRICTIONS ON NET ASSETS

At June 30, 2006 and 2005, temporarily restricted net assets are available for the following purposes. First, interest earned from permanently restricted net assets is available to fund operational cost once the Center is put into service. Second, funds are available under the Heritage Philadelphia Program which will assist local history museums to produce high-quality, innovative exhibits and will provide technical assistance and challenge grants to local historic site institutions.

| | <u>2006</u> | <u>2005</u> |
|--------------------------------------|------------------|-------------------|
| Future Operations/other restrictions | \$ 12,653 | \$ 691,980 |
| Heritage Philadelphia Program | <u>27,801</u> | <u>160,867</u> |
| | <u>\$ 40,454</u> | <u>\$ 852,847</u> |

Permanently restricted net assets consist of Endowment Fund investments to be held indefinitely, the income from which is classified as temporarily restricted net assets. Permanently restricted net assets were \$2,000,000 as of June 30, 2006 and 2005, respectively.

NOTE 6: DUE TO NATIONAL PARK SERVICE

IVCC acts as a custodian of assets on behalf of the National Park Service. As of June 30, 2006 and 2005, these assets consist primarily of cash and cash equivalents \$1,036,256 and \$893,858, respectively.

NOTE 7: RELATED PARTY TRANSACTIONS

Representatives of the Governor of the Commonwealth of Pennsylvania, The Pew Charitable Trusts and the City of Philadelphia are Board members of IVCC. Total amounts received from these organizations for the years ended June 30, 2006 and 2005, were \$0 and \$1,807,000, respectively.

In an memorandum of understanding ("MOU") dated November 2002 between the Philadelphia Convention and Visitors Bureau ("PCVB") and IVCC, whereas PCVB is designated as the Tourism Promotion Agency ("TPA") by the City of Philadelphia and as such is entitled to receive from the Commonwealth of Pennsylvania certain funds disbursed by the Commonwealth to the TPA's to conduct comprehensive destination marketing and advertising to stimulate travel and tourism within its locale, PCVB shall pay IVCC quarterly payments of \$106,500, for a period of five years, starting December 2002. The president of IVCC serves on the Board of the PCVB.

For the years ended 2006 and 2005, IVCC has received \$426,000 and \$426,000, respectively under this MOU.

INDEPENDENCE VISITOR CENTER CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2006 AND 2005

NOTE 7: RELATED PARTY TRANSACTIONS (CONTINUED)

The National Park Service ("NPS") and IVCC have substantially established a management agreement between the parties whereas IVCC will administer and manage the property. The agreement calls for the NPS to make an annual payment of \$850,000 to IVCC in exchange for the services provided by the IVCC more fully described in the agreement. Payments are subject to annual federal appropriations. A representative of the NPS serves as a non-voting member on the Board of Directors

For each year ended 2006 and 2005, IVCC has recorded revenues of \$850,000 from the NPS under this service agreement.

NOTE 8: CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following as of June 30:

| | <u>2006</u> | <u>2005</u> |
|--------------------------------|---------------------|-------------------|
| Commonwealth of Pennsylvania | \$ 1,796,000 | \$ - |
| Philadelphia Parking Authority | 113,611 | 113,721 |
| PECO | - | 25,000 |
| Drexel University | - | 60,000 |
| Commerce Bank | 25,000 | 125,000 |
| Miscellaneous | <u>48,000</u> | <u>63,212</u> |
| | <u>\$ 1,982,611</u> | <u>\$ 386,933</u> |

NOTE 9: CONTINGENCIES

Grants received by IVCC require the fulfillment of certain conditions as set forth in the various grant agreements. Failure to fulfill the conditions could result in the return of the funds to the grantor.

NOTE 10: THE ANNENBERG FOUNDATION

The development of the Center and Independence Mall is funded in part by The Annenberg Foundation ("Annenberg").

On January 23, 1998, Annenberg issued a grant of \$10 million to GPTMC (Greater Philadelphia Tourism Marketing Corporation) solely for the following purposes:

| | |
|---------------|---|
| \$4.2 Million | To develop the interpretive and queuing areas of the New Liberty Bell Center. |
| \$3.1 Million | To undertake surface landscaping on Block II to the northern end of the Center. |
| \$2.7 Million | To assist funding of the Center. |

Effective January 1, 1999, IVCC entered into an Assignment and Assumption Agreement ("Agreement") between GPTMC and Annenberg. The Agreement provides for IVCC to assume and perform all of the obligations under the grant. GPTMC transferred all of the assets received plus investment income earned through January 1, 1999 to IVCC. In addition, IVCC is the recipient of all funds disbursed subsequent to January 1, 1999.

INDEPENDENCE VISITOR CENTER CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2006 AND 2005

NOTE 10: THE ANNENBERG FOUNDATION (CONTINUED)

For the year ended June 30, 2006 the activity related to Annenberg is as follows:

| | Liberty Bell Account | Block II Landscaping Account | Total |
|--------------------------|-------------------------|------------------------------------|-----------|
| Balance at June 30, 2005 | \$ 162 | \$ 88,061 | \$ 88,223 |
| Add: | | | |
| Contribution | \$ - | \$ - | \$ - |
| Less: | | | |
| Distributions | 162 | 88,061 | 88,223 |
| Balance at June 30, 2006 | \$ - | \$ - | \$ - |

For the year ended June 30, 2005 the activity related to Annenburg was as follows:

| | Liberty Bell Account | Block II Landscaping Account | Total |
|--------------------------|-------------------------|------------------------------------|-----------|
| Balance at June 30, 2004 | \$ 158 | \$ 86,134 | \$ 86,292 |
| Add: | | | |
| Investment Return | \$ 4 | \$ 1,927 | \$ 1,931 |
| Less: | | | |
| Custodial Fees | - | - | - |
| Distributions | - | - | - |
| Balance at June 30, 2005 | \$ 162 | \$ 88,061 | \$ 88,223 |

SUPPLEMENTAL
INFORMATION

INDEPENDENCE VISITOR CENTER CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006

| <u>Federal Grantor/Pass-through Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Pass-through Grantor's Number</u> | <u>Grant Period</u> | <u>Expenditures</u> |
|---|------------------------------------|--|---------------------|---------------------|
| <u>U.S. Department of the Interior</u> | | | | |
| Pass-through the National Park Service | Unknown | NER-INDE-5300-016 | 7/1/05 - 6/30/06 | \$ 850,000 |
| Pass-through the National Park Service | Unknown | NER-INDE-5300-016 | 7/1/05 - 6/30/06 | <u>2,160,727</u> |
| | | | | <u>\$ 3,010,727</u> |

See Accompanying Notes to Schedule of Expenditures of Federal Awards

INDEPENDENCE VISITOR CENTER CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006

NOTE 1: GENERAL INFORMATION

The accompanying schedule of expenditures of federal awards presents activities in all federal financial assistance programs of Independence Visitors Center Corporation. All financial assistance received directly from federal agencies as well as financial assistance passed through other governmental agencies or not-for-profit organizations are included on the schedule.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting. The amounts reported in this schedule as expenditures of federal awards may differ from certain financial reports submitted to federal funding agencies due to those reports being submitted on either a cash or modified accrual basis of accounting.

NOTE 3: CFDA NUMBERS

The granting agency could not provide specific Federal CFDA numbers to be included in the Schedule of Federal Expenditures of Federal Awards.

Zelenkofske Axelrod LLC

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS AS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Board of Directors
Independence Visitor Center Corporation
Philadelphia, Pennsylvania

We have audited the financial statements of Independence Visitor Center Corporation (the "Corporation") as of and for the year ended June 30, 2006, and have issued our report thereon dated September 22, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Corporation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management of Independence Visitor Center Corporation and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.


ZELENKOSKE AXELROD LLC

Jamison, Pennsylvania
September 22, 2006

| <u>Harrisburg</u> | <u>Lehigh Valley</u> | <u>Philadelphia</u> |
|---------------------------------|-------------------------------|-------------------------------|
| 830 Sir Thomas Court, Suite 100 | 1101 West Hamilton Street | 2370 York Road, Suite A-5 |
| Harrisburg, PA 17109 | Allentown, PA 18101-1043 | Jamison, PA 18929 |
| 717.561.9200 Fax 717.561.9202 | 610.871.5077 Fax 717.561.9202 | 215.918.2277 Fax 215.918.2302 |

Zelenkofske Axelrod LLC

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Independence Visitor Center Corporation
Philadelphia, Pennsylvania

Compliance

We have audited the compliance of the Independence Visitor Center Corporation (the "Corporation") with the types of compliance requirements described in the U.S. Office of Management Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. The Corporation's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Corporation's management. Our responsibility is to express an opinion on the Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Corporation's compliance with those requirements.

In our opinion, the Corporation complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2006.

Internal Control Over Compliance

The Management of the Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Corporation's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

| <u>Harrisburg</u> | <u>Lehigh Valley</u> | <u>Philadelphia</u> |
|---------------------------------|-------------------------------|-------------------------------|
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Zelenkofske Axelrod LLC

Board of Directors
Independence Visitor Center Corporation

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management of Independence Visitor Center Corporation, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



ZELENKOFKSKE AXELROD LLC

Jamison, Pennsylvania
September 22, 2006

INDEPENDENCE VISITOR CENTER CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006

Section I - Summary of Auditors' Results

Financial Statements

Types of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness (es) identified? ___yes Xno
- Reportable condition(s) identified that are not considered to be material weaknesses?
___yes Xnone reported

Noncompliance material to financial statements noted? ___yes Xno

Federal Awards

Type of auditors' report issued on compliance for major programs: Unqualified

Internal control over major programs:

- Material weakness (es) identified? ___yes Xno
- Reportable condition(s) identified that are not considered to be material weaknesses?
___yes Xnone reported

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ___yes Xno

Identification of major program selected for audit testing:

| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u> |
|--------------------|---|
| NA | National Park Service NER-INDE-5300-016 |
| NA | National Park Service NER-INDE-5300-016 |

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? Xyes ___no

Section II - Findings: Financial Statement Audit (GAGAS)

None noted.

Section III - Audit Findings and Questioned Costs (Major Program - Circular A-133, Section 510)

None noted.